

# CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

NCAL Bancorp

Point of Contact:	Jonathan Matalon, CFO	RSSD: (For Bank Holding Companies)	667869
UST Sequence Number:	301	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	10,500,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 25, 2008	City:	Los Angeles
Date Repaid <sup>1</sup> :	N/A	State:	California

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

The capital received from the CPP program was in turn contributed to our subsidiary National Bank of California to support the bank's lending and investment activities. Loans increased from \$288.4 million on 12/31/2007, the year before the funding, to \$326.6 million at 12/31/2009, the next year.

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☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

While most categories of loans experienced growth, the largest increases occurred in non-farm, non-residential real estate loans for both owner-occupied and non-owner occupied properties.

☒ **Increase securities purchased (ABS, MBS, etc.).**

The capital received from the CPP program was in turn contributed to our subsidiary National Bank of California to support the bank's lending and investment activities. Securities immediately after funding grew to \$33.7 million at 12/31/2008 before declining to \$27.9 million at 12/31/2009.

☐ **Make other investments.**

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☒ **Increase reserves for non-performing assets.**

In subsequent years, as loan demand declined due to the impact of the economic recession, the CPP capital still served as a source of capital strength for National Bank of California as the bank increased its reserves for non-performing assets.

☐ **Reduce borrowings.**

☒ **Increase charge-offs.**

In subsequent years, as loan demand declined due to the impact of the economic recession, the CPP capital still served as a source of capital strength for National Bank of California as the bank increased its charge-offs of non-performing assets.

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<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution.
Empty space for response	

<input type="checkbox"/>	Held as non-leveraged increase to total capital.
Empty space for response	

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

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### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The capital infusion of CPP funds enabled NCAL Bancorp through its subsidiary, National Bank of California, to expand its lending and promote economic activity by businesses and individuals in the bank's market area.

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**Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.**

By supporting the capital strength of NCAL Bancorp and National Bank of California, the capital infusion of CPP funds enabled the bank to deal realistically with loan charge-offs and additional loan reserves made necessary by the severe economic recession which occurred during this period.